

records mirror the ground reality.

- The curtain principle, which indicates that the record of title is a true depiction of the ownership status.
- Title insurance, which guarantees the title for its correctness and identifies the title holder against loss arising on account of any defect therein.

Agricultural Finance and Credit Facilities

- Agricultural credit is disbursed through a multi-agency network comprising of Commercial Banks (CBs), Regional Rural Banks (RRBs) and co-operatives. With their vast network (covering almost all villages in the country), wide coverage and outreach extending to the remotest parts of the country, the Co-operative Credit Institutions, both in short and long-term structure, are the main institutional agencies for the dispensation of agricultural credit.
- After nationalisation, Commercial Banks have also started giving loans for farming operations. Regional Rural Banks and farmer service societies also strengthen the rural credit programmes.
- National Bank for Agriculture and Rural Development (NABARD) has been established as an apex agricultural finance institution.

Co-operative Credit Societies

- Rural co-operative credit institutions in India have been organised into short-term and long-term structures.
- The short-term co-operative credit structure consists of *three-tiers*—Primary Agricultural Credit Societies (PACS) at the village level, District Central Co-operative Banks (DCCB) at the district level and State Co-operative Banks (SCB) organised at the state level.

- For long-term credit requirements of the farmers long-term credit co-operatives have been set-up. These are organised at two levels and differ from state to state. *Generally they are of four types which are as follows:*

- (i) Unitary structure in which State Co-operative Agricultural and Rural Development Banks (SCARDBs) operate at state level through their branches and have direct membership of individuals.
- (ii) Federal structure in which Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) operate as independent units at the primary level and federate themselves into SCARDS at the state level.
- (iii) Mix of federal and unitary types.
- (iv) No separate banks exist and long-term credit is provided by the long-term section of State Co-operative Banks (SCBs) co-operatives accounted for 17.2% of institutional agricultural credit in 2011-12.

Commercial Banks and Rural Credit

Share of commercial banks in rural credit was meagre just after independence.

Regional Rural Banks (RRBs)

- RRBs were set-up to supplement the efforts of co-operatives and commercial banks.
- In 1976, the Parliament enacted the Regional Rural Banks Act, 1976 to provide for the incorporation, regulation and winding up of Regional Rural Banks. The Act has been made effective from the 26th September, 1975.
- The equity of the RRBs is contributed by the Central Government, concerned State Government and the sponsor bank in the proportion of 50:15:35.
- Besides the Reserve Bank, which is the regulatory authority for the RRBs in accordance with the provisions of the Banking Regulations Act, 1949, the Banking Regulations Act empowers NABARD (National Bank for Agriculture and Rural Development) to undertake the inspection of RRBs.
- Area of RRBs is limited to a specific

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- Area of RRBs is limited to a specified region comprising one or more districts of a state. They grant direct loans and advances only to small and marginal farmers, rural artisans, agricultural labourers and others of small means for productive purposes. Lending rates of RRBs cannot be higher than those of co-operative societies in any particular state.

RRB (Amendment) Bill, 2015

- The Regional Rural Banks (Amendment) Bill seeks to amend the existing Act so as to increase the authorised capital of each Regional Rural Bank (RRB) from ₹ 5 crore to ₹ 2000 crore divided into ₹ 200 crore of fully paid shares of ₹ 10 each.

- The bill also provides that the authorised capital of any Regional Rural Bank shall not be reduced below ₹ 1 crore and shares in all cases to be fully paid up shares of ₹ 10 each. It also provides that the issued capital of each rural bank shall not be less than ₹ 1 crore.
- At present, there are 56 RRBs and they are doing well. The amendment to raise the authorised capital of the RRBs from ₹ 5 crore to ₹ 2000 crore, will strengthen these institutions and further deepen financial inclusion.

Agricultural Debt Waiver and Debt Relief Scheme, 2008

- The Finance Minister, in his budget speech for 2008-2009, announced a Debt Waiver and Debt Relief Scheme for farmers. The scheme covered direct agricultural loans extended to 'marginal and small farmers' and 'other farmers' by Scheduled Commercial Banks, Regional Rural Banks, Co-operative Credit Institutions (including Urban Co-operative Banks) and Local Area Banks.
- In the case of a small or marginal farmer, the entire eligible amount was waived. In the case of 'other farmers', there was a One Time Settlement (OTS) Scheme, under which the farmer was given a rebate of 25% of the 'eligible amount' subject to the condition that the farmer pays the balance of 75% of the 'eligible amount'.
- A National Level Monitoring Committee to monitor the implementation of the scheme was also constituted.

Kisan Credit Card (KCC) Scheme

- Kisan Credit Cards were started by the Government of India, Reserve Bank of India (RBI) and National Bank for Agricultural and Rural Development (NABARD) in August 1998, to help the farmers access timely and adequate credit. Since 1998, about 10.78 crore KCCs had been issued up to October 2011.
- The scheme includes reasonable components of consumption credit and investment credit within the overall credit limit sanctioned to the borrowers, to provide adequate and timely credit support to the farmers for their cultivation needs. Budget 2012-13, has expanded the scope of KCCs as now they can be used as smart cards and ATMs.

NABARD : An Overview

- NABARD was set-up by the Government of India as a development bank with the mandate of facilitating credit flow for promotion and development of agriculture and integrated rural development.
- The mandate also covers supporting all other allied economic activities in rural areas, promoting sustainable rural development and ushering in prosperity in the rural areas.
- It is an apex institution handling matters concerning policy, planning and operations in the field of credit for agriculture and for other economic and developmental activities in rural areas.

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- Essentially, it is a refinancing agency for financial institutions offering production and investment credits for promoting agricultural and developmental activities in rural areas.

NAFED

- National Agricultural Co-operative Marketing Federation of India Limited (NAFED) is the Apex Co-operative Organisation at the national level.
- It deals in procurement distribution export and import of selected agricultural commodities. It was established in 1958.

TRIFED

- Tribal Co-operative Marketing Development Federation of India Limited (TRIFED) came into existence in 1987 and got registered under the Multi-State Co-operative Societies Act, 1984. Now, the Multi -State Co-operative Societies Act, 2002.

Recommendations of Task Force on Credit Related Issues of Farmers (Chairman Umesh Chandra Sarangi)

- The task force looked into the issue of large number of farmers, who had taken loans from private moneylenders, not being covered under the loan waiver scheme.
- Financial literacy and counselling campaigns be undertaken to increase awareness among farmers on the KCC.
- Banks be encouraged to educate their rural branch staff about the KCC.
- Banks use farmers co-operatives and SHG federations as banking correspondents to increase out reach.
- The KCC be technology-enabled, including the conversion to a smart card with withdrawals and remittances enabled at **Automated Teller Machines (ATM)**.

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- Banks use farmers co-operatives and SHG federations as banking correspondents to increase out reach.
- The KCC be technology-enabled, including the conversion to a smart card with withdrawals and remittances enabled at **Automated Teller Machines (ATMs)**, Points of Sale (PoS) and through hand held machines; banks need to have Core Banking Solutions (CBSs) in place at the earliest, to enable technology to benefit the farmer.
- The KCC limit be fixed for five years, based on the banker's assessment of total credit needs of the farmer for a full year and that the limit be operated by the borrower as and when needed, with no sublimits for kharif and rabi or for different stages of cultivation.
- There should be automatic renewal and annual increase in credit limit linked to inflation rate.